

All about employee benefits

January 2012

FEDERAL AND PROVINCIAL BENEFITS LEGISLATION QUEBEC – 2012

A WEALTH OF INFORMATION ON:

- ✓ Plans
- ✓ Legislation
- ✓ Eligibility
- ✓ Participation
- ✓ Contributions
- ✓ Benefits

*KEEP THIS DOCUMENT FOR
FUTURE REFERENCE!*

- QUEBEC PENSION PLAN AND CANADA PENSION PLAN
- OLD AGE SECURITY AND GUARANTEED INCOME SUPPLEMENT
- EMPLOYMENT INSURANCE AND PARENTAL INSURANCE
- WORKERS' COMPENSATION
- HOSPITAL INSURANCE
- HEALTH INSURANCE
- DRUG INSURANCE
- AUTOMOBILE INSURANCE
- FAMILY BENEFITS
- PRIVATE PENSION PLANS
- INCOME TAX

Desjardins Financial Security is pleased to publish a summary of the legislation in force in Quebec affecting employee benefits. This publication is intended for Desjardins Financial Security's customers and group pension and insurance distributors. This document was prepared especially for those interested in establishing and financing employee benefit programs as well as in compensation planning. It was produced by Desjardins Financial Security with the help of the government boards and organizations concerned. We hope that this reference guide will be useful.

You can download this document, as well as those of all the other Canadian provinces, for free, on our website. Just type in: www.desjardinsfinancialsecurity.com, click on "Group plans" and "Employee Benefits Legislation".

NOTE: This document was prepared for information purposes only. In case of litigation, the text of the legislation concerned shall prevail. In order to receive most of the benefits listed hereinafter, claimants must submit an application in writing to the appropriate organization.

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QUEBEC PENSION PLAN AND CANADA PENSION PLAN

1.1 PARTICIPATION

QPP

Participation in the Quebec Pension Plan (QPP) is compulsory for all employees and self-employed persons aged 18 or over who do not participate in the Canada Pension Plan and are not recipients of any disability pension under the QPP and whose earnings exceed the year's basic exemption of \$3,500.

CPP

Participation in the Canada Pension Plan (CPP) is compulsory for all employees and self-employed persons aged 18 to 70 who are not recipients of any retirement or disability pension under the CPP and do not participate in the Quebec Pension Plan and whose earnings exceed the year's basic exemption of \$3,500.

1.2 CONTRIBUTIONS

For the QPP, the contribution rate is equal to 10.05% of the employment earnings in excess of the basic exemption up to the maximum pensionable earnings (MPE for this year is equal to \$50,100). For the CPP, the contribution rate is 9.9%. The employee and the employer must each pay half of the contribution, while the self-employed person must pay the whole contribution.

1.3 RETIREMENT PENSIONS

Eligibility

Any person who has contributed to the QPP for at least one year may be eligible for a retirement pension. Any person who has made at least one valid contribution may be eligible for a CPP retirement pension.

Expected pension

The expected retirement pension is equal to 25% of the average monthly pensionable earnings, adjusted in relation to the average MPE in the year of retirement and the four previous years. The maximum pension payable for a person aged 65 is \$986.67.

Early retirement and postponed retirement pensions

QPP

A contributor may receive a retirement pension as of age 60 if his/her earnings, calculated on an annual basis, do not exceed \$12,525 on the date of the application for pension in 2012. When the pension is paid before age 65, it is reduced by 6% for each year preceding the person's 65th birthday. The contributor may also wait until after age 65 before collecting his/her pension, which is then increased by 6% for each year between ages 65 and 70 during which the pension is not collected.

Contributions are required for every retired person who chooses to work if earnings exceed \$3,500. The pensionable earnings will give entitlement to an additional pension.

CPP

A contributor may receive a retirement pension as of age 60 if at least one valid contribution is made. When the pension is paid before age 65, it is reduced by 6.24% for each year preceding the person's 65th birthday. The contributor may also wait until after age 65 before collecting his/her pension, which is then increased by 7.68% for each year between ages 65 and 70 during which the pension is not collected.

Contributions are required for every retired person under age 65 who chooses to work but optional for those over age 65. The contributions will provide additional pension through the Post-Retirement Benefit.

Disabled contributor pension

QPP

For any disability beginning after 1998, the contributor's retirement pension will be reduced by 6% for each year during which he/she will have received a disability pension under the QPP between ages 60 and 65.



CPP

If a contributor became disabled after 1997, his/her retirement pension will be equal to his/her disability pension indexed according to the increase in the Consumer Price Index (CPI).

1.4 BENEFITS PAYABLE TO ELIGIBLE SURVIVORS

Eligibility

Eligibility for a survivor's pension is subject to a minimum contributory period varying between three and ten years. If the contributor made contributions for at least one-third of the years in his/her contributory period, the rightful claimants are eligible to receive a death benefit, and the deceased contributor's spouse and dependent children are eligible for a pension. The death benefit, surviving spouse's pension and orphan's pension are the benefits payable. Same-sex spouses have the same rights and obligations as spouses of the opposite sex.

Death benefit

For QPP, this lump-sum benefit is equal to \$2,500. For CPP, this lump-sum benefit is equal to the lesser of six times the contributor's monthly retirement pension that would have been payable at age 65 and \$2,500.

Surviving spouse not eligible for a retirement or disability pension

QPP

In this case, a surviving spouse under age 45 who is not disabled is entitled to a benefit equal to \$114.09 (\$413.62 if there is a dependent child), plus 37.5% of the deceased's retirement pension. The maximum pension is \$484.09 or \$783.62 if there is a dependent child.

If the spouse is between the ages of 45 and 64 or is disabled, the monthly pension is equal to the sum of \$445.47 plus 37.5% of the deceased's retirement pension, up to a maximum of \$815.47.

If the surviving spouse is aged 65 or over, the pension is equal to 60% of the deceased's retirement pension, up to a maximum of \$592.00.

CPP

In this case, a surviving spouse under age 35 who is not disabled and has no dependent children is not entitled to a pension; if he/she is aged 35 to 45 at the time of the contributor's death, he/she is entitled to a reduced pension. Otherwise, if the surviving spouse who is not eligible for a retirement or disability pension is under age 65, he/she is entitled to \$173.82 per month, plus 37.5% of the deceased contributor's retirement pension, up to a maximum of \$543.82.

If he/she is aged 65 or over, the pension will be equal to 60% of the deceased's retirement pension, up to a maximum of \$592.00.

Surviving spouse entitled to a retirement pension

QPP

The combined pension which is payable to the surviving spouse can vary according to his/her age at retirement and the age he/she had when his/her survivor pension payments began. The maximum combined pension before adjustment for early retirement is equal to \$1,475.06, if the surviving spouse is under age 65; if the spouse is aged 65 or over, he/she is entitled to the maximum combined pension before adjustment for deferred retirement, which is \$986.67.

CPP

In this case, the maximum combined pension before adjustment for early retirement is equal to \$1,160.49 if the surviving spouse is under age 65; if the spouse is aged 65 or over, he/she is entitled to the maximum combined pension before adjustment for deferred retirement, which is \$986.67.



Surviving spouse entitled to a disability pension

For QPP, the combined pension which is payable to the surviving spouse can vary depending on whether he/she has reached age 55 or not and according to the age he/she had when his/her survivor pension payments began. The maximum combined pension will be equal to \$1,432.14 before age 55 and \$1,475.06 between ages 55 and 65. For CPP, the maximum combined pension is limited to the maximum disability benefit of \$1,185.50.

Orphan's pension

The orphan's monthly pension is equal to \$224.62, payable to dependent children only. For CPP, orphans may receive double the monthly pension if both parents are deceased and were eligible contributors.

1.5 DISABILITY BENEFITS

Eligibility

QPP

A disabled employee is eligible provided he/she has contributed for two of the last three years of his/her contributory period, or for five of the last ten years of his/her contributory period, or during half (minimum two years) of his/her contributory period. To be considered disabled, the person must be prevented from engaging in any gainful occupation and the disability must be a long-term severe state of incapacity that is likely to result in death or last indefinitely. A disability pension may also be payable under the plan to a disabled person between the ages of 60 and 64 if that person can no longer perform the duties of his/her occupation due to disability.

CPP

A disabled employee is eligible provided he/she has contributed:

- for four (three only for contributory period of at least 25 years) of the last six years of his/her contributory period; or
- for at least four years if the contributory period is less than six years.

To be considered disabled, the person must be prevented from engaging in any gainful occupation and the disability must be a long-term severe state of incapacity that is likely to result in death or last indefinitely.

Benefits become payable as of...

Benefits are payable monthly as of the fourth month of the beneficiary's disability.

Amount of benefits

The disability benefit is equal to \$445.47 (\$445.50 for CPP) plus 75% of the disabled person's retirement pension, subject to a maximum of \$1,185.47 (\$1,185.50 for CPP). Children of an eligible disabled person receive the same pension as orphans.

1.6 BENEFIT ADJUSTMENT

Monthly benefits are indexed once a year to reflect the rise in the CPI. The benefits are increased by 2.8% beginning January 1, 2012.

1.7 COMPARISON WITH LAST YEAR'S AMOUNTS

	2011	2012
Maximum pensionable earnings (MPE)	\$48,300.00	\$50,100.00
Basic annual exemption	\$3,500.00	\$3,500.00
Maximum contribution		
QPP		
▪ Self-employed person	\$4,435.20	\$4,683.30
▪ Employer and employee	\$2,217.60	\$2,341.65
CPP		
▪ Self-employed person	\$4,435.20	\$4,613.40
▪ Employer and employee	\$2,217.60	\$2,306.70
Maximum monthly retirement pension at age 65	\$960.00	\$986.67
Maximum surviving spouse's monthly pension		
a) Not eligible for a retirement or disability pension		
QPP		
▪ Under age 45, without a dependent child and not disabled	\$470.98	\$484.09
▪ Under age 45, with dependent children and not disabled	\$762.35	\$783.62
▪ Ages 45 to 64 or disabled	\$793.34	\$815.47
▪ Age 65 or over	\$576.00	\$592.00
CPP		
▪ Under age 65	\$529.09	\$543.82
▪ Age 65 and over	\$576.00	\$592.00
b) Eligible for a retirement pension		
QPP		
▪ Under age 65 (before adjustment for early retirement)	\$1,449.37	\$1,475.06
▪ Age 65 or over (before adjustment for deferred retirement)	\$960.00	\$986.67
CPP		
▪ Under age 65 (before adjustment for early retirement)	\$1,129.09	\$1,160.49
▪ Age 65 or over (before adjustment for deferred retirement)	\$960.00	\$986.67
c) Eligible for a disability pension		
QPP		
▪ Under age 55	\$1,393.34	\$1,432.14
▪ Between ages 55 and 65	\$1,449.37	\$1,475.06
CPP	\$1,153.37	\$1,185.50
Death benefit	\$2,500.00	\$2,500.00
Maximum monthly disability pension		
QPP	\$1,153.34	\$1,185.47
CPP	\$1,153.37	\$1,185.50
Monthly pension for an orphan or a disabled contributor's child		
QPP	\$69.38	\$224.62
CPP	\$218.50	\$224.62
CPI benefit adjustment	1.7%	2.8%

2

OLD AGE SECURITY AND GUARANTEED INCOME SUPPLEMENT

2.1 OLD AGE SECURITY (OAS) PENSION

Eligibility

Any person aged 65 or over is eligible for a full pension, provided he/she has resided in Canada for 40 years or more after his/her 18th birthday. A minimum of 10 years of residence after age 18 is required to be entitled to a partial pension. Same-sex spouses have the same rights and obligations as spouses of the opposite sex.

Amount of pension

As of January 1, 2012, the monthly OAS pension for a person aged 65 or over is \$540.12. This amount is adjusted quarterly to reflect the rise in the Consumer Price Index. OAS pensioners whose net income exceeds \$69,562 in 2012 must repay 15% of their excess net income, up to the full OAS pension.



2.2 GUARANTEED INCOME SUPPLEMENT (GIS)

Eligibility

Any low-income person who receives the Old Age Security pension is eligible for the GIS. Same-sex spouses have the same rights and obligations as spouses of the opposite sex.

Amount

The GIS monthly benefit varies in relation to income, marital status or spouse's age and it is reduced by \$1 per \$2 of income other than the OAS pension. A quarterly adjustment also takes into account any rise in the CPI.

Allowances

If a couple's income is within the limits set by law, an allowance is paid to the spouse (aged 60 to 64) of an OAS pension recipient who is entitled to the GIS; the residence requirements apply to the spouse. This allowance terminates upon the death of the pensioner or as soon as the spouse reaches age 65. Since 1985, when the

pensioner dies, the legislation has provided for the payment of an allowance to low-income surviving spouses aged 60 to 64.

Monthly maximums		
	January 1, 2011	January 1, 2012
Single person or pensioner whose spouse under age 60 is not receiving the pension	\$661.69	\$732.36
Couple (per person)	\$436.95	\$485.61
Allowance payable to spouse aged 60 to 64	\$961.18	\$1,025.73
Maximum allowance for surviving spouses	\$1,065.45	\$1,148.35

Note: Since July 1, 2011, beneficiaries of the GIS and the allowances receive a top-up benefit that is indexed and included in the GIS and the allowances rates.

3

EMPLOYMENT INSURANCE AND PARENTAL INSURANCE

3.1 GENERAL INFORMATION

No age discrimination

The *Employment Insurance Act* covers persons who work after age 65 subject to the same criteria as those under age 65.

Labour disputes

Workers affected by labour disputes may receive sickness, com-passionate care or training benefits if they have made arrangements for a leave before the beginning of the labour dispute, subject to certain conditions.

For the maternity, paternity or parental benefits, the Quebec Parental Insurance Plan (QPIP) provides special provisions applicable to workers affected by labour disputes.

Clawback

The maximum yearly insurable earnings is equal to \$45,900 for 2012. Recipients whose net income for one year exceeds 1.25 times the yearly maximum insurable earnings (\$57,375 in 2012) may have to reimburse 30% of the benefits received or 30% of amount by which net income exceeds \$57,375, if less.

This rule does not apply to individuals who claim special benefits for sickness, maternity, parental or compassionate care reasons or to recipients who received less than one week of regular benefits in the preceding 10 taxation years.



Reduction of the annual premium

By offering a qualifying short-term disability plan, an employer is eligible to a reduced contribution rate, provided the employer applies for this reduction to Service Canada (EI Premium Reduction Program). The plan being offered must include, inter alia, provisions that are at least as generous as those under employment insurance in the event of illness. In the case of a weekly indemnity plan, the reduction is equal to \$0.39 per \$100 of insurable earnings when the full reduction is applied provided that the plan meets employment insurance requirements.

In the case of cumulative sick-leave plans, a reduction of up to \$0.40 per \$100 of earnings may be granted if the employer offers a plan that meets employment insurance requirements.

The employer is required to share 5/12 of these reductions with the employees in the form of cash or equivalent benefits.

3.2 REGULAR BENEFITS

Eligibility

Any person who works for an employer is eligible for regular benefits provided that the person worked a certain number of hours during the 52 weeks just preceding his/her application. The person must have accumulated from 420 to 700 hours of work, depending on the regional unemployment rate, during such 52 weeks period. A person who is employed for the first time or who is re-entering the workforce must accumulate 910 hours of work during such 52 weeks period. Special rules apply to parents re-entering the labour force following an extended absence to raise their children.

Persons who voluntarily leave their employment "*without valid reason*", who refuse suitable employment or who are dismissed for misconduct are not eligible for benefits. The list of reasons justifying a voluntary departure and for which no penalty is applied is detailed in the Act.

Waiting period

Regardless of the type of benefits to which a person is entitled, a waiting period of two weeks is applied. No benefits are paid during this period.

Benefit rate

For the majority of recipients, benefits are set at 55% of their average insurable earnings over the last 26 weeks, up to a maximum of \$485 per week.

For recipients with dependent children and an annual family income below \$25,921, a family income supplement is available. These recipients receive up to 80% of their weekly insurable earnings (depending on the number of dependent children).

Maximum duration of benefits

Benefits may be paid for a period that varies from 14 to 45 weeks, according to the regional unemployment rate and the number of accumulated hours of insurable employment over the 52 weeks just preceding the application for benefits.

Allowable earnings

Recipients will be able to earn up to 25% of their weekly regular benefits (\$50 per week if they receive benefits of less than \$200 per week) without decreasing their employment insurance benefits. However, under a pilot project in effect up to August 4, 2012, claimants are entitled to earn up to 40% of their weekly regular benefits (\$75 for those receiving less than \$188 of benefits per week) without any decrease.

3.3 SPECIAL BENEFITS

Reasons and duration

In addition to regular benefits, compassionate care, special sickness, maternity or parental leave benefits may be payable. The cumulative duration of special benefits cannot usually exceed 50 weeks. Exceptionally, however, this maximum cumulative duration may be extended up to a total of 71 weeks.



Eligibility

The person must have accumulated 600 hours of insurable employment during the 52 weeks immediately prior to the beginning of the payment period.

Eligibility to maternity, paternity and parental benefits under the QPIP is described under Section 3.6.

Sickness

Special sickness benefits may be paid for a maximum of 15 weeks.

Compassionate care leave

Up to six weeks of benefits may be payable to workers who have to be away from work temporarily to provide care or support to a member of their family who is gravely ill with a significant risk of death within 26 weeks. The benefits payable for the compassionate care leave may be divided between two or more workers who make a claim for benefits in respect of the same family member.

Only one waiting period will have to be served when the benefits are shared with other members.

"Member of the family" includes:

- your child or the child of your spouse or common-law partner;
- your spouse or common-law partner;
- your father/mother;
- the spouse or common-law partner of your father/mother;
- your brother/sister;
- your grandchild;
- your grandparents;
- the spouse or common-law partner of your child;
- your in-laws;
- your aunt/uncle;
- your niece/nephew; and
- any other person mentioned in the regulations.

Self-employed

Since January 1, 2011, registered and qualified self-employed person residing in Québec may qualify for employment insurance sickness and compassionate care benefits. The self-employed person is entitled to apply for maternity, paternity and parental benefits through the QPIP. See section 3.6.

Allowable earnings

Beneficiaries can earn up to 25% of their weekly benefits (\$50 per week if they receive less than \$200 in benefits per week) without their compassionate care benefits being affected. However, under a pilot project in effect up to August 4, 2012, claimants are entitled to earn up to 40% of their weekly compassionate care benefits (\$75 for those receiving less than \$188 of benefits per week) without any decrease.

3.4 ACTIVE RE-EMPLOYMENT BENEFITS

Persons who have received regular employment insurance benefits over the past 3 years, or parental or maternity benefits over the past 5 years, may be eligible for more direct complementary employment assistance to find a new job and prepare for it, through one of the re-employment programs. Among others, there are:

- Employment assistance services
- Jobs creation partnerships
- Self-employment assistance
- Skills development
- Targeted wage subsidies

3.5 MAXIMUM EARNINGS, BENEFITS AND CONTRIBUTIONS

Rates for workers in Quebec:

	2011	2012
Maximum yearly insurable earnings	\$44,200.00	\$45,900.00
Maximum weekly insurable earnings	\$850.00	\$883.00
Maximum weekly benefits	\$468.00	\$485.00
Employee contribution *		
▪ Rate per \$100 of insurable earnings	\$1.41	\$1.47
▪ Maximum annual contribution	\$623.22	\$674.73
Employer contribution *		
▪ Rate per \$100 of insurable earnings	\$1.974	\$2.058
▪ Maximum annual contribution	\$872.51	\$944.62
Self-employed worker contribution*		
▪ Rate per \$100 of insurable earnings	\$1.41	\$1.47
▪ Maximum annual contribution	\$623.22	\$674.73

* *Employment insurance contributions are deducted from total income, as defined under the Employment Insurance Act, and are subject to an annual maximum. The amounts in this table apply exclusively to employee and employer in Quebec. Since January 1, 2006, the federal government grants employment insurance contributors in Quebec a premium reduction equal to the employment insurance rate for maternity, adoption and parental benefits.*

3.6 QUEBEC PARENTAL INSURANCE PLAN General Information

The QPIP came into force on January 1, 2006. The QPIP provides for the payment of benefits to eligible individuals who take maternity, paternity, adoption or parental leave. It replaces and enhances the measures of the federal employment insurance plan.

The QPIP differs from the federal employment insurance plan in the following material respects:

- Benefits are higher;
- The maximum insurable earnings are higher; and
- There is no waiting period of 2 weeks.

Eligibility

In order to be eligible for the QPIP, a person must:

- Be the parent of a child born or adopted on or after January 1, 2006; and
- Be a salaried worker who resides in Quebec at the beginning of the benefit period; or
- Be a self-employed worker who resides in Quebec at the start of the benefit period and who resided in Quebec on December 31 of the year before the beginning of the benefit period; and
- Have seen a reduction of at least a 40% in the regular weekly employment income; and
- Have earned at least \$2,000 in insurable income in the last 52 weeks preceding the commencement of benefits payment, regardless of the number of hours worked; and
- Pay premiums under the QPIP.



Contributions

Employers, employees and self-employed persons are required to contribute to the QPIP.

	2011	2012
Maximum yearly insurable earnings:	\$64,000	\$66,000
Employee contribution:		
• Rate per \$100 of insurable earnings	\$0.537	\$0.559
• Maximum annual contribution	\$343.68	\$368.94
Employer contribution:		
• Rate per \$100 of insurable earnings	\$0.752	\$0.782
• Maximum annual contribution	\$481.28	\$516.12
Self-employed worker contribution:		
• Rate per \$100 of insurable earnings	\$0.955	\$0.993
• Maximum annual contribution	\$611.20	\$655.38

QPIP Benefits

Parents have a choice between two benefit payment periods as follows: the basic plan or the special plan. The option selected by the first parent filing a claim applies to the other parent and is irrevocable.

Maternity Benefits

- 18 weeks at 70% of average weekly earnings; or
- 15 weeks at 75% of average weekly earnings.

The maternity benefit is offered to mothers only and cannot be shared between both parents.

Paternity Benefits

- 5 weeks at 70% of average weekly earnings; or
- 3 weeks at 75% of average weekly earnings.

The paternity benefit may not be transferred to the mother.

Parental Benefits

- 32 weeks at 70% for the first seven weeks, and 55% thereafter; or
- 25 weeks at 75%.

The full number of weeks of parental benefits may be taken by either of the parents or shared between them, and the benefit may be paid concurrently.

Adoption Benefits

- 37 weeks at 70% for the first 12 weeks, and 55% thereafter; or
- 28 weeks at 75%.

The full number of weeks of benefits may be taken by either of the parents or shared between them, and the benefits may be paid concurrently.

Type of Benefits	Basic Plan	Special Plan
Maternity	18 weeks at 70%	15 weeks at 75%
Paternity	5 weeks at 70%	3 weeks at 75%
Parental	7 weeks at 70%+ 25 weeks at 55%	25 weeks at 75%
Adoption	12 weeks at 70%+ 25 weeks at 55%	28 weeks at 75%

Supplement for Low-income Families

The QPIP provides for additional financial assistance if the net family income is under \$25,921. An increase in benefits up to 80% of the average weekly earnings may be granted to the person applying for benefits.

Allowable Earnings

Employment income is deducted from paternity benefits, parental benefits and adoption benefits if it exceeds 25% of the benefit amount or \$50 if the benefit amount is equal to or less than \$200. Under certain transitional measures, claimants are entitled to earn up to 40% of their weekly paternity, parental or adoption benefits (\$75 for those receiving less than \$188 of benefits per week) without any decrease.



However, employment income is fully deducted from maternity benefits.

Comparison of QPIP and Employment Insurance Benefits for 2012

	QPIP	Employment Insurance
Number of hours of work required	None	600 hours
Minimum earnings	\$2,000	\$5,940 600 hours x minimum wage (\$9.90/hour, general rate as of May 1, 2012)
Maximum insurable earnings	\$66,000	\$45,900
Self-employed worker	Eligible	Eligible
Waiting period	None	2 weeks
Length of benefits		
• Maternity	18/15 weeks	15 weeks
• Paternity	5/3 weeks	0
• Parental	32/25 weeks (natural parents)	35 weeks (natural parents)
• Adoption	37/28 weeks	35 weeks
Benefit rate	70%-55%/75% of average weekly earnings	55% of average insurable earnings

4 WORKERS' COMPENSATION

4.1 WORKERS' COMPENSATION ACT

The Workers' Compensation Act ensures that workers have financial protection in the event of a work injury or an occupational disease and confirms both the right to return to work and to rehabilitation. Benefits are payable for loss of income, medical expenses, bodily injury and death.

4.2 MAXIMUM INSURABLE EARNINGS

The maximum insurable salary in 2012 is \$66,000.

4.3 INCOME REPLACEMENT BENEFIT

A benefit representing 90% of the worker's net eligible income (the net eligible income is determined taking into account the maximum insurable amount) is paid to any worker who is the victim of a work injury that prevents him/her from returning to work or performing the tasks involved in a suitable type of occupation. Entitlement to an income replacement benefit expires one year after the date on which the worker is able to resume his/her occupation.

4.4 BODILY INJURY BENEFIT

A lump-sum benefit is paid to a worker who sustains permanent physical or mental impairment, based on his/her degree of disability and age.

- Maximum: \$99,265
- Minimum: \$992

4.5 DEATH BENEFITS

Death benefits are paid in lump sums.

- Spouse's special benefit: \$1,985
- Funeral expenses: Maximum of \$4,286
- Cost of transportation of remains: 100%

Workers with dependents

- The spouse receives a benefit equal to one to three times the worker's gross eligible salary, depending on the age of the spouse when the death occurs. The minimum amount is \$99,265 while the maximum is equal to three times the maximum insurable salary.
- Minor dependent children receive \$17,872 when they reach age 18 if they attend an accredited educational institution on a full-time basis. Dependent children between the ages of 18 and 25 are entitled to \$17,872 if they attend an accredited educational institution on a full-time basis.
- Other persons for whom the worker provided for more than half of their needs are entitled to a benefit of \$11,915 if they are under age 35, and to 75% of the worker's gross eligible salary, up to a maximum of \$49,500, if they are aged 35 and over.
- Persons for whom the worker provided between 25% and 50% but more than 25% of their needs are entitled to a benefit of \$11,915, while those for whom he/she provided less than 25% but more than 10% of their needs are entitled to a benefit of \$5,957.
- The disabled persons for whom the worker provided more than 50% of their needs and who are entitled to compensation under another Act, are entitled to a benefit of \$11,915 if they are under age 35 and 75% of the worker's gross eligible salary, up to a maximum of \$49,500, if they are aged 35 and over.
- The disabled persons for whom the worker provided more than 50% of their needs and who are not entitled to compensation under another Act, are entitled to a minimum amount of \$49,635 while the maximum is equal to \$99,265. The amount is based on the person's age at the time of the worker's death.



- If the deceased worker has no spouse on the date of his death, but has a minor child, a child of full age over half of whose needs were provided for by the worker or a child of full age but under 25 years of age who, on that date, is attending an educational institution on a full-time basis, the child is entitled to a lump sum indemnity which amount shall not be less than \$99,265. If there is more than one child, the indemnity is divided equally between them.

Workers without dependents

- \$25,808 to each of the deceased worker's parent.

4.6 SURVIVOR'S PENSION

Spouse

The benefit is equal to 55% of the deceased worker's income replacement benefit (maximum of \$2,137.64 per month) and is payable for:

- one year if the spouse is 34 years old or less;
- two years if the spouse is 35 years old to 44 or 55 or over;

- three years if the spouse is 45 years old to 54.

Minor child

Each minor child of a deceased worker receives \$498 per month until he/she reaches the age of majority.

4.7 FINANCING

The cost of the plan is paid in full by the employer. The average provincial rate for 2011 is \$2.13 per \$100 of insurable earnings. However, this varies from one employer to the next, depending on the type of business and the claims experience of the employer. The weight given to these two factors varies in relation to the size of the business.

The method for making contributions to workers' Compensation (CSST) is modified, effective January 1, 2011; as of that date, Revenu Québec, rather than the CSST, is responsible for collecting the contributions from employers.

5

HOSPITAL INSURANCE

5.1 ELIGIBILITY

All Quebec residents are eligible for and automatically covered under the provincial hospital insurance plan.

5.2 INSURED SERVICES

Hospitalization in the province

The following services are provided at no cost for beneficiaries who are hospital inpatients:

- Ward accommodation and meals (room and board)
- Nursing care
- Diagnostic services
- Operating rooms, delivery rooms and anesthesia facilities
- Drugs administered in hospital
- Certain prostheses and orthoses which may be integrated in the human body

- Physiotherapy and radiotherapy facilities
- Services rendered by hospital centre staff
- Furnishing of routine surgical supplies
- Biological products and related preparations

In addition, beneficiaries may receive the following services at no cost in a hospital as outpatients:

- Clinical psychiatric care services
- Electric shock therapy, insulin therapy and behavior therapy
- Emergency care
- Diagnostic services
- Minor surgery care
- Physiotherapy, inhalation therapy and ergo-therapy
- Radiotherapy, audiology, speech therapy and orthoptic services



- Services and examinations, required under Quebec law to obtain or keep an employment

It should be noted that other services and therapies can also be insured for these two categories of beneficiaries.

Trips outside Quebec

Hospital and professional services are covered in other Canadian provinces, based on the rates in effect in Quebec.

Trips outside Canada

The *Régie de l'assurance-maladie du Québec* (RAMQ) reimburses only health care received as a result of a sudden illness or an emergency situation (for example, an accident). Upon presentation of the supporting documents, the RAMQ reimburses a maximum of:

- CAN\$100 per day of hospitalization (including one-day surgeries)
- CAN\$50 for health care received in an outpatient clinic or in the emergency ward of a hospital (without hospitalization), including diagnostic and therapeutic services
- CAN\$220 per hemodialysis treatment (with or without hospitalization)

5.3 DAILY RATES

Daily rates in effect since January 1, 2012 are as follows:

Semi-private room	
■ With telephone, washbasin <u>or</u> a toilet that is private or shared with another room	\$57.81
■ With telephone, washbasin <u>and</u> a toilet that is private or shared with another room	\$63.77
■ With telephone and full bathroom	\$69.70
	\$81.57

Private room	
■ 9.75 to 11.5 square metres, with telephone, washbasin <u>or</u> a toilet that is private or shared with another room	\$93.42
■ At least 11.5 square metres, with telephone, washbasin <u>and</u> a toilet that is private or shared with another room	\$115.67
■ At least 11.5 square metres, with telephone <u>and</u> full bathroom shared with another room	\$137.91
■ At least 11.5 square metres, with telephone <u>and</u> full private bathroom	\$161.64
■ With telephone, full private bathroom and adjoining sitting room	\$185.37
	\$231.32

The rates are indexed each year, on January 1st, in accordance with the increase in the Quebec pension index.

5.4 CONTRIBUTIONS

The employer contributes a given percentage of the payroll to the Quebec Health Services Fund. The contribution rates vary in accordance with the total payroll, between 2.7% for payrolls of \$1,000,000 or under and 4.26% for payrolls of \$5,000,000 or over.

Quebec residents contribute 1% of the quasi-total taxable income, other than salary, exceeding \$13,660 (except between \$28,660 and \$47,490) up to a maximum contribution of \$1,000.



HEALTH INSURANCE

6.1 GENERAL INFORMATION

The Quebec Health Insurance Plan covers various health care services for Quebec residents. It includes universal programs for all Quebecers, regardless of their age, state of health or financial situation, as well as partial programs offered only to specific persons.

Any Quebecer who feels wronged by a decision of the RAMQ may request that the decision be reviewed. If the RAMQ maintains its decision, the individual may appeal the decision before the *Tribunal administratif du Québec*. In addition, the Complaints Commissioner provides beneficiaries with another recourse when they are dissatisfied with the RAMQ services. In case a beneficiary is not satisfied, the Public Protector will examine any complaint in complete neutrality and may intervene vis-à-vis the Régie to examine any situation brought to his attention.

6.2 UNIVERSAL PROGRAMS

Medical services program

This program provides to anyone residing in Quebec those services which are medically required, and performed by a specialist or a general practitioner in a hospital, private medical offices, CLSC, long-term care facilities, rehabilitation centres or patient's home. They include visits, examinations, consultations, psychiatric treatments, diagnostic and therapeutic procedures, surgery, anesthesia and radiology.

Most laboratory services and some highly specialized examinations, such as ultra-sound, CAT scanning (computerized tomography) and magnetic resonance are only covered when provided at a hospital.

Prescription drugs and pharmaceutical services program

This program was partly replaced with the *Quebec Drug Insurance Act*. However, the program for those who suffer from an STD or tuberculosis remains in effect and operates separately. These persons are entitled to free drugs for the treatment of their condition, regardless of their age.

6.3 PARTIAL PROGRAMS

Prosthetic, orthopaedic and other devices and supplies program

All handicapped persons who reside in Quebec and who meet the service attribution requirements are insured under this program, under which the following expenses are reimbursed by RAMQ:

- The cost of buying, adjusting, repairing or replacing orthotics and prosthetics, as determined by regulation.
- Expenses incurred for wheelchairs, prostheses to assist one or more parts of the body, wheel base systems as well as orthomobiles and strollers for children; must be returned to a facility or laboratory accredited by the Régie when no longer used.
- In some cases, expenses for rehabilitation: walking aids, standing aids, locomotion assists and posture assists as well as their components, supplements and accessories, as determined by regulation.

Hearing aids program

This program is intended for:

- Any person who has an average hearing loss of at least 35 decibels in his/her better ear (regardless of age).
- Any person who is 19 years of age or over and has an average hearing loss of at least 25 decibels in one ear and who is pursuing studies leading to a diploma, a certificate or an attestation recognized by the *Ministère de l'Éducation, du Loisir et du Sport*.
- Any person aged 12 to 18 inclusively who has an average hearing loss of at least 25 decibels in one ear.
- Any child under age 12 who has a hearing impairment that may endanger his/her speech and language development.
- Any person who, in addition to having a hearing loss, has other functional limitations that hamper their integration into society, the school environment or the workplace (regardless of age).



The program includes the cost of purchasing and replacing of a hearing aid or an assistive listening device, for each ear, subject to certain conditions. It also includes the cost of batteries, subject to certain conditions.

Optometric services program

This program covers Quebec residents under age 18 and those aged 65 or over for the following services with some restrictions: examinations of the oculo-visual system, examinations specific to a particular condition, evaluation of colour vision and prescription glasses or contact lenses following certain examinations. The same services are payable every two years for persons aged 18 or over but under 65 who are recipients of last-resort financial assistance, as well as their dependents, for at least the past 12 consecutive months.

The program also covers the following residents:

- Persons aged 60 to 64 who have been receiving the Old Age Security spouse's allowance for at least 12 consecutive months and who, without such allowance, would be entitled to last-resort financial assistance benefits.
- Persons with a visual impairment.
- Optometrist services when due to sudden eye problem such as conjunctivitis, inflammation of the eyelid or a foreign body on the surface of the eye.

Visual aids program

This program is intended for all Quebec residents who are insured under the health care plan who are blind or have low vision subject to certain conditions. To benefit from this program as a student or worker, the person must be enrolled in a program leading to a diploma, a certificate or an attestation of studies issued as part of a recognized program of studies or be gainfully employed, as a salaried employee or self-employed individual.

Computer aids, visual devices and more complex devices can be loaned for use in everyday activities and in volunteer work.

An amount of \$210 is granted for the purchase of a guide dog and \$1,028 per year thereafter for the dog's care.

Ocular prostheses program

This program is intended for all Quebec residents insured under the health care plan who require an artificial eye. The purchase price or replacement of an ocular prostheses per eye, up to \$585 every five years, are reimbursed for a prostheses custom-made by a certified ocularist, or \$225 for a manufactured prostheses.

Furthermore, an amount of \$25 per calendar year is payable for the repair and maintenance of the prostheses. The first \$25 is not payable during the 12 months following the purchase. The program also covers the purchase and installation of conformers (\$187 when custom-made and \$112 when prefabricated). The recipients of last-resort financial assistance are entitled to a reimbursement of the total cost of these services.

If an ophthalmologist prescribes the replacement of a prosthesis because of a change in the orbital cavity, the person is entitled to reimbursement even if five years have not elapsed.

Ostomy appliances program

Any Quebec resident insured under the health care plan who has had a permanent colostomy, ileostomy or urostomy of which the permanent nature is attested by a medical certificate is eligible for benefits under this program. The *Régie* pays an annual allowance of \$700 per ostomy to cover part of the cost of buying or replacing ostomy appliances and accessories, starting on the date of the operation. The recipients of last-resort financial assistance are entitled to the total cost, upon presentation of detailed invoices.



External breastforms program

This program is intended for any Quebec resident insured under the health care plan who has undergone a total or radical mastectomy as well as those aged 14 years or over who are suffering from aplasia (total absence of breast formation).

of aplasia to cover the cost related to the purchase or replacement of the breastform.

Besides, the recipients of last-resort financial assistance are entitled to an additional amount of up to \$100 if the cost exceeds \$200.

Beneficiaries are entitled to a reimbursement of \$200 per two-year period, starting on the date of the operation or of the medical report in the case

Dental services program

Programs	Beneficiaries	Services covered
Oral surgery*	All Quebec residents	Examinations, consultations, X-rays, local or general anesthesia, surgical procedures except for tooth and root extractions.
Dental services for children	0 to 9 years inclusively	Examinations (once a year except for emergency), consultations, X-rays, fillings (grey for posterior teeth and white for anterior teeth), root canal therapy, apexification, emergency opening of the pulp canal, local or general anesthesia, prefabricated crowns, sedative dressing, pulpotomy and pulpectomy, removal of teeth and roots and surgery.
Dental services for recipients of last-resort financial assistance and their dependents**	Age 10 and over	Examinations (once a year except for emergency), consultations, X-rays, surgery, fillings (grey for posterior teeth and white for anterior teeth), prefabricated crowns, sedative dressing, pulpotomy and pulpectomy and emergency opening of the pulp canal, local or general anesthesia, removal of teeth and roots.
	Under age 13	Root canal and apexification treatments.
	Age 12 and over	Oral hygiene instructions and cleaning of teeth.
	Age 12 to 15 incl.	Topical application of fluoride.
Acrylic dental prostheses for recipients of last-resort financial assistance and their dependents***	Age 10 and over	One upper acrylic dental prosthesis and one lower acrylic dental prosthesis every eight years.****
		One re-coating of an upper and a lower dental prosthesis every five years.****
		Repair of prosthesis and addition of a structure.
		Half of the cost of replacing lost or damaged dental prostheses.****
		Replacement of prostheses following surgery.****

Nota: In certain emergency cases, people who are recipients of last-resort financial assistance for at least twelve consecutive months and their dependents may be entitled to certain services free of charge.

* *In hospitals.*

** *For recipients of last-resort financial assistance for at least 12 consecutive months.*

*** *For recipients of last-resort financial assistance for at least 24 consecutive months.*

**** *Authorization from a local employment centre is required.*



6.4 OTHER SERVICES OFFERED BY THE RAMQ

The RAMQ also offers the following services:

- Services covered for foreign nationals who have reached an agreement with the Régie.
- Hospital services provided in Quebec to residents of another province.
- Hospital or medical services received outside Quebec¹ or outside Canada² by Quebec residents.

¹ All services covered under the Health Insurance Act and provided to a beneficiary while staying outside Quebec are refunded or paid in accordance with the provisions of the Health Insurance Act, that is, the lesser of the amount actually paid for these services and the amount that would have been paid by the Régie for such services if they had been rendered by a health professional in Quebec.

² Hospital services received outside Canada are reimbursed or paid only in the case of an emergency situation or of sudden illness.

6.5 CONTRIBUTIONS

The employer contributes a given percentage of the payroll to the Quebec Health Services Fund. The contribution rates vary in accordance with the total payroll, between 2.7% for payrolls of \$1,000,000 or under and 4.26% for payrolls of \$5,000,000 or over.

Quebec residents contribute 1% of the quasi-total taxable income, other than salary, exceeding \$13,660 (except between \$28,660 and \$47,490) up to a maximum contribution of \$1,000.

Health contribution of \$200 which applies to individuals who reside in Québec and who are at least age 18 by the end of 2012, other than individuals with family income below the Québec Prescription Drug Insurance Plan premium exemption threshold not yet known for 2012 (for illustration purposes, the 2011 threshold for a person living alone was \$14,410 and \$29,310 for a couple with more than one child).

7

DRUG INSURANCE

7.1 GENERAL INFORMATION

Basic compulsory drug insurance for all Quebec residents is provided under the government plan administered by the RAMQ or under a group health plan for those who are eligible for group insurance. No resident may be denied coverage because of age, sex or state of health.

7.2 ELIGIBILITY

- The following residents and their children are eligible for coverage under the RAMQ drug insurance plan: residents who are not covered under a group insurance plan; recipients of last-resort financial assistance and other holders of a claim slip; residents who are aged 65 or over.
- Participation in the drug insurance coverage of a group plan is compulsory for those who are less than 65 and are eligible for coverage under such a plan as a consequence of their present or past employment, profession or usual occupation, as well as for their spouse and children who live with them. When a person's employment and eligibility to a group plan terminate, enrollment in the RAMQ's plan becomes compulsory for himself/herself and for his/her dependent children.
- The drug insurance coverage offered under any group plan must be at least as generous as that provided by the RAMQ. Furthermore, persons aged 65 or over who are eligible to enroll in a private plan must have the right to choose between said plan and the RAMQ's plan.



7.3 INSURED SERVICES

The program covers only drugs that are included in the drug list published by the RAMQ and drugs, purchased in Quebec, which are prescribed by a physician or dentist and dispensed by a pharmacist. Drugs used for the treatment of STDs or tuberculosis are also free.

7.4 SCOPE OF COVERAGE

Eligible children are entitled to a 100% reimbursement of eligible expenses. As for the following residents, no deductible, no coinsurance and no premium are payable for their eligible drugs: recipients of last-resort financial assistance and other holders of a claim slip; persons age 65 and over receiving the maximum Guaranteed Income Supplement (GIS) (94% to 100%) and children of insured persons. Otherwise, the application of the plan varies as follows:

- **Deductible** – Persons 65 years of age and over receiving at least 94% of the maximum Guaranteed Income Supplement and recipients of last-resort financial assistance and other holders of a claim slip do not have to pay any deductible. All other residents must pay the first \$16.00 of eligible expenses per adult, per month.
- **Coinsurance** – Once the monthly deductible has been satisfied, the plan reimburses 68% (100% for persons 65 years of age and over receiving at least 94% of the maximum Guaranteed Income Supplement and recipients of last-resort financial assistance and other holders of a claim slip) of eligible expenses, up to a maximum contribution per adult per month. From then on, the plan reimburses 100% of eligible expenses.
- **Maximum contribution** – The maximum contribution for persons 65 years of age and over receiving at least 94% of the maximum Guaranteed Income Supplement and recipients of last-resort financial assistance and other holders of a claim slip do not have to pay a maximum contribution (the maximum contribution has been set at \$49.97 per month for persons 65 years of age and over receiving less than 94% of the maximum Guaranteed Income Supplement). The maximum contribution for other residents, regardless of their age, is \$80.25 per adult per month.

7.5 PREMIUM

Each adult who is insured by the RAMQ must pay an annual premium determined in accordance with his/her net income, up to a maximum annual premium of \$563 per adult.

Premium payments are not required for all recipients of last-resort financial assistance and other holders of a claim slip and persons 65 years of age and over receiving the maximum GIS (94% to 100%) during the entire taxation year and children of insured persons. The premium is collected every year by the *Ministère du Revenu du Québec* when income tax returns are filed and is payable whether drugs were purchased or not.

The employers must deduct the premium for prescription drug insurance private plan from employee remuneration unless the employee is covered under another private drug insurance plan.



AUTOMOBILE INSURANCE

8.1 GENERAL INFORMATION

The *Société de l'assurance automobile du Québec* (SAAQ) compensates all Quebec citizens for bodily injuries resulting from automobile accidents that occur in Quebec or elsewhere in the world, regardless of liability and whether the victims are automobile drivers or passengers, pedestrians, motorcyclists or cyclists. However, all owners of automobiles operated in Quebec must have a personal property damage liability insurance policy for a minimum of \$50,000.

8.2 DEATH BENEFITS

Benefits are paid in lump sums, but those paid to the surviving spouse or dependents may, at the beneficiary's request, be spread over a maximum period of 20 years.

- **Surviving spouse:** Between \$64,400 and \$330,000, varying in relation to the victim's age and income.
- **Dependents:** Between \$30,588 and \$56,352 based on the dependent's age.
- **Disabled dependent at the time of the victim's death:** Additional benefit of \$26,565.
- **Children and other dependents of a single parent who dies:** In addition to their own benefit, they are eligible for the benefit that would have been paid to the surviving spouse.
- **Victim without a spouse or dependents:** \$51,617 to the victim's estate. If the victim is a minor, the benefit is divided equally between his/her father and mother.
- **Funeral expenses:** \$4,826 to the victim's estate.

8.3 INCOME REPLACEMENT INDEMNITY

The income replacement indemnity represents 90% of the net income calculated on the basis of the annual gross income, which cannot exceed \$66,000. (All references used to determine the annual gross income depend on the victim's employment status).

The net income is determined by subtracting the federal and provincial income taxes, employment insurance contributions, parental insurance contributions and Quebec Pension Plan (QPP) contributions from gross income. At QPP's request, when there is a difference between the disability pension payable under the QPP and the income replacement indemnity under SAAQ, this amount is paid to the victim by the SAAQ. However, the income replacement indemnity under SAAQ is reduced by a disability benefit payable to the victim under an income security program of another jurisdiction equivalent to the QPP. Payment of the income replacement indemnity begins after the seventh day following the date of the accident. No income replacement indemnity is paid to a victim who is unable to hold employment, since he/she has not suffered any loss of income.

8.4 REIMBURSEMENT OF DAY-CARE EXPENSES

If the victim was employed on a full-time or temporary basis or is at least 16 years of age and attends an educational institution on a full-time basis, day-care expenses may be reimbursed as a compensation benefit, subject to certain provisions of the Act and to the following weekly maximums: \$122 for one person; \$161 for two persons; \$204 for three persons; \$243 for four persons or more.



If the victim was employed on a part-time basis (less than 28 hours per week) or unemployed but able to work, the maximum weekly reimbursements of day-care expenses are as follows: \$403 for one person; \$452 for two persons; \$499 for three persons; \$549 for four or more persons.

8.5 INDEMNITIES FOR LOST SCHOOL YEARS

If the victim is at least 16 years of age and attends an educational institution on a full-time basis, he/she may be entitled to the following indemnities, subject to the provisions of the Act: \$8,856 per secondary school year lost; \$8,856 per post-secondary semester lost, for a maximum of \$17,711 per year. If the victim is less than 16 years of age, he/she may be entitled to the following indemnities: \$4,826 per elementary school year lost; \$8,856 per secondary school year lost.

8.6 INDEMNITIES FOR LOSS OF OTHER BENEFITS

Indemnities may be paid to compensate for the loss of employment insurance regular benefits or employment benefits established to assist in obtaining skills for employment through a training program under the *Employment Insurance Act*.

8.7 INDEMNITIES FOR ALL CATEGORIES OF VICTIMS

- **Indemnity for the reimbursement of personal homecare services:** This indemnity may amount to \$806 per week if the physical or psychological state of the victim warrants the continuous presence of another person.
 - **Indemnity for the reimbursement of worker replacement in a family business:** Maximum reimbursement of \$805 per week (with supporting documents) during the 180 days following the accident for expenses incurred by a victim who works without pay in a family business to employ a replacement.
 - **Indemnity for rehabilitation:** Payment of goods and services for the victim's return to a normal life and reintegration into society or the workforce, as part of a rehabilitation program approved by the *Société*.
- **Lump-sum indemnity for non-pecuniary damage:** Maximum of \$225,822.
 - **Indemnity for the reimbursement of certain expenses incurred as a result of an accident if expenses are not covered under another social security plan:** Reimbursement of expenses approved by the *Société* on presentation of the appropriate supporting documents.

9 FAMILY BENEFITS

9.1 REFUNDABLE TAX CREDIT FOR CHILD ASSISTANCE

Effective since January 2005, a child assistance payment replaces the family allowances, the non-refundable tax credit for dependent children and the tax reduction for families. It is based on the net family income, the number of children under 18 and the family situation (two parents or single parent). A supplement of \$179.00 per month is added for each handicapped child under age 18.

The following tables illustrate, for families of 3 eligible children or less, the approximate quarterly amounts to be paid as a child assistance payment for children under age 18. If the number of eligible children in the family exceeds 3, an amount between \$146.50 and \$424.00 per additional child will be added to the quarterly payment.

Quarterly Amount of Child Assistance – Two-Parent Family*			
Net family income up to	Number of Children		
	1	2	3
\$45,152	\$565.75	\$848.50	\$1,131.25
\$50,000	\$517.25	\$800.00	\$1,082.75
\$60,000	\$417.25	\$700.00	\$982.75
\$75,000	\$267.25	\$550.00	\$832.75
\$85,000	\$167.25	\$450.00	\$732.75
\$100,000 and more	\$158.75	\$305.25	\$582.75

* A work premium can be added to child assistance benefits.

Quarterly Amount of Child Assistance – Single-Parent Family*			
Net family income up to	Number of Children		
	1	2	3
\$32,856	\$764.00	\$1,046.75	\$1,329.50
\$35,000	\$742.00	\$1,025.25	\$1,308.00
\$40,000	\$692.00	\$975.25	\$1,258.00
\$45,000	\$642.00	\$925.25	\$1,208.00
\$50,000	\$592.00	\$875.25	\$1,158.00
\$75,000	\$342.00	\$625.25	\$908.00
\$85,000	\$242.00	\$525.25	\$808.00
\$100,000 and more	\$238.00	\$384.50	\$658.00

* A work premium can be added to child assistance benefits.

9.2 CANADA CHILD TAX BENEFIT

Benefits

Benefits are usually paid on a monthly basis to eligible families, for all children under age 18. They are determined, among other things, according to the net family income (total net individual incomes stated on lines 236 of the federal statements of income) and the number of children. A supplement up to a maximum of \$208.66 per month is added for each handicapped child under age 18.

Note: Most Canadian provinces also provide additional benefits to low-income families.

Basic coverage up to July

Annual amounts up to July 2012 are as follows:

- \$1,367 for each child;
- an additional \$95 for the third child and each additional child.



Basic coverage is reduced if the net family income exceeds \$41,544. For families with one child only, it is reduced by 2% of the net family income exceeding \$41,544; for families with two children or more, the reduction percentage is 4%.

Supplements up to July

Annual amounts up to July 2012 are as follows:

- **For one-child families:** \$2,118 minus 12.2% of the net family income exceeding \$24,183.
- **For two-children families:** \$3,991 minus 23.0% of the net family income exceeding \$24,183.
- **For families with three or more children:** \$3,991 for the first two children plus \$1,782 for each additional child, the result being reduced by 33.3% of the net family income exceeding \$24,183.

Increase in July

Amounts of the Canada Child Tax Benefit will be increased in July 2012. The maximum supplement for each handicapped child will be \$214.58 per month.

Basic coverage as of July

Annual amounts as of July 2012 are as follows:

- \$1,405 for each child;

- an additional \$98 for the third child and each additional child.

Basic coverage is reduced if the net family income exceeds \$42,707. For families with one child only, it is reduced by 2% of the net family income exceeding \$42,707; for families with two children or more, the reduction percentage is 4%.

Supplements as of July

Annual amounts as of July 2012 are as follows:

- **For one-child families:** \$2,177 minus 12.2% of the net family income exceeding \$24,863.
- **For two-children families:** \$4,103 minus 23.0% of the net family income exceeding \$24,863.
- **For families with three or more children:** \$4,103 for the first two children plus \$1,832 for each additional child, the result being reduced by 33.3% of the net family income exceeding \$24,863.

9.3 UNIVERSAL CHILD CARE BENEFIT

The Universal Child Care Benefit permits to receive \$100 per month for each child under age 6.

10

PRIVATE PENSION PLANS

10.1 INTRODUCTION

- Participants must be informed of their rights and obligations under the plan.
- The funds committed must be sufficient to enable the plan to meet its obligations.
- Integration with the QPP/ CPP benefits is limited to 1/35 per year of credited service. Integration with the OAS pension is limited to 1/35 per year of credited service before 1990.
- In the event of a marriage breakdown or civil union breakdown, the division of benefits accrued during the marriage or civil union is limited to 50% or as established by a court ruling. Common-law spouses may agree between themselves to split such benefits up to 50%.

- The minimum interest rate applied to employee contributions to a defined benefit plan is the rate of return of the pension fund less the investment and administration fees.
- Same-sex spouses have the same rights and obligations as spouses of the opposite sex.

10.2 ELIGIBILITY

All workers whose earnings have reached 35% of the maximum pensionable earnings (MPE) or who have accumulated 700 hours of service become eligible on the first day of January following the year during which these conditions were met. The nature of enrolment (optional or compulsory) may be different for full-time and part-time employees.



10.3 VESTED PENSIONS

- Since January 1, 2001, pension benefits are vested immediately for all years of service. The employer must finance at least 50% of the value of the pension benefits vested and accrued after 1989, in the event of retirement, termination of employment or death. Pension accrued and excess contributions are locked in.
- It is possible to transfer the commuted value of the vested pension in the event of termination of employment up to 10 years prior to the normal retirement age; the minimum value is equal to 100% of the commuted value of vested pension benefits plus excess contributions. For pension benefits accrued after 2000, the minimum value must be also at least equal to the value of the pension partially indexed from the termination date of employment until the date corresponding to 10 years prior to the normal retirement date.
- Upon termination of active membership, refund of 100% of the commuted value of the pension and excess contributions if the commuted value of the benefits is less than 20% of the YMPE for the year in which the active membership terminates or if non-resident of Canada for at least 2 years.

10.4 DEATH BEFORE RETIREMENT

- In the event of death before retirement, the commuted value of the benefits vested and accrued after 1989 plus excess contributions are reimbursed to the spouse or, in the absence of a spouse or if the spouse has waived his rights, to the beneficiary.
- The pre-retirement death benefit for services rendered prior to 1990 is first paid to the surviving spouse.

10.5 RETIREMENT PENSION

- Upon retirement, the participant who has a spouse must elect a joint and survivor pension, at least 60% of which will be payable to the spouse after the participant's death. An actuarial reduction is allowed. The participant may be exempted from this obligation by presenting a written waiver signed by the spouse, including prescribed information.

- The surviving spouse's pension must be maintained in the event of remarriage.
- Upon retirement, the member is entitled to elect a pension the payment of which is guaranteed for 10 years.
- Early retirement must be allowed within 10 years of the normal retirement age. An actuarial reduction is allowed.
- In the event of postponed retirement, the plan must provide for pension adjustment; payment of a partial pension may compensate for salary reduction.
- During the 10-year period immediately preceding his/her normal retirement age or when he continues working after normal retirement age, an active participant whose work hours are reduced pursuant to an agreement with the employer is entitled to draw a yearly lump-sum benefit from the pension plan during the agreement to make up the difference in income, up to a predetermined amount.
- Defined benefit plans may offer phased retirement benefits in the form of a pension to a participant who has not attained age 65 and either has reached age 55 and is entitled to an unreduced pension or has reached age 60. An individual agreement is required. The maximum annual amount of the phased retirement benefit is 60% of the accrued pension. The pension accrued prior to the phased retirement period is not reduced and the participant may accrue pension benefits during the phased retirement period. Defined contribution plans may offer to participants who are between age 55 and 65 phased retirement benefits (other than a pension) funded from the member's defined contribution account, to a maximum of 60% of the prescribed ceiling related to life income funds, and allow participants to accrue pension benefits during the phased retirement period.
- A participant who stops working within 10 years of his normal retirement age is entitled to replace his pension in whole or in part by a temporary benefit payable up to age 65. The sum of this temporary benefit and any other bridging benefit must not exceed 40% of the MPE for the retirement year.

10.6 VOLUNTARY RETIREMENT SAVINGS PLAN

Federal, provincial and territorial governments have agreed to introduce a new type of broad-based, low-cost, privately administered defined contribution retirement savings vehicle, referred to as a Voluntary retirement savings

plan (“VRSP”) by the Quebec government. Quebec will need to develop and adopt its own enabling pension standards legislation to implement the VRSP framework for Quebec regulated employments. Further developments are expected in 2012; however, it is expected that VRSPs will not be available before 2013.

11 INCOME TAX

11.1 QUEBEC PENSION PLAN

Benefits are taxable. Employer contributions are deductible and employee contributions are eligible for a tax credit at the federal level.

11.2 OLD AGE SECURITY (OAS) PENSION

The Old Age Security (OAS) pension is taxable. Persons whose net income (according to the definition in the *Income Tax Act*) for 2012 exceeds \$69,562 must repay 15% of this excess amount, up to the OAS pension amount. OAS benefits are reduced at the time of payment to reflect the clawback.

11.3 GUARANTEED INCOME SUPPLEMENT

The Guaranteed Income Supplement is not taxable.

11.4 EMPLOYMENT INSURANCE

Employment Insurance benefits are taxable. Employer contributions are deductible. Employee contributions entitle the employee to a federal tax credit. A portion of the Employment Insurance benefits received by a taxpayer during the year may have to be reimbursed.

11.5 QUEBEC PARENTAL INSURANCE PLAN

Parental insurance benefits are taxable; employer contributions are deductible. Employee contributions entitle the employee to a federal tax credit.

11.6 FAMILY BENEFITS

The refundable tax credit for child assistance and the Canada Child Tax Benefit are not taxable and are not recovered by the government when income tax returns are filed.

However, the Universal Child Care Benefit is taxable.

11.7 WORKERS' COMPENSATION PLANS

Benefits are generally tax-exempt; employer contributions are deductible.

11.8 HOSPITAL INSURANCE, HEALTH INSURANCE, DRUG INSURANCE

Government plans

Compulsory employer contributions are not taxable for the employee and they are deductible for the employer. Premiums paid under the *Drug Insurance Act* may be included in the calculation of the credit for medical expenses.

Most taxable income, other than employment income and the Old Age Security pension, is subject to a contribution to the Health Services Fund. The contribution is calculated as follows:

Income subject to contribution	Contribution
\$0 - \$13,660	None
\$13,661 - \$28,660	1% of the portion in excess of \$13,660
\$28,661 - \$47,490	\$150
\$47,491 - \$132,490	\$150 + 1% of the portion in excess of \$47,490
\$132,491 and over	\$1,000



Private plans

Employer contributions are deductible for the employer. For the employee, they are not taxable at the federal level. They are taxable at the provincial level, but they may be included in the calculation of the provincial credit for medical expenses. Employee contributions are not deductible, but they may be included in the calculation of the medical expenses credit.

From 2012, a lump sum amount in settlement of future health and dental benefits is taxable, except where the payment is in relation to an employer's insolvency that arose prior to 2012.

Expenses reimbursed

Expenses reimbursed under both private and government plans are tax-exempt.

11.9 PRIVATE PENSION PLANS

Tax credit

A federal tax credit of 15% (maximum of \$300) of eligible pension income and a provincial tax credit of 20% (maximum of \$418, which is reduced if the net family income exceeds \$31,695) of eligible pension income may be claimed on the total of the following amounts:

- Periodic payments from a registered pension plan (RPP);
- Annuity from a DPSP, an RRSP or an RRIF and the taxable portion of other annuities if the taxpayer is aged 65 or over, or at any age, if the annuity is paid as a result of the spouse's death.

Registered pension plans (RPPs)

Total employer contributions to a defined benefit RPP are deductible, with no limit, subject to the approval of the tax authorities. Total permissible current service employee contributions to a defined benefit RPP are deductible. Past service employee contributions are deductible, subject to certain limits. Total employer and employee contributions to a defined contribution RPP are limited to the lesser of 18% of earnings and \$23,820 in 2012.

Deferred profit-sharing plans (DPSPs)

Employer contributions may not exceed the lesser of 18% of remuneration and \$11,910, subject to a comprehensive limit if the employee also participates in an RPP. Allowable contributions are fully deductible. Since January 1, 1991, employee contributions to a DPSP are no longer allowed. No contribution can be made on behalf of a significant shareholder or of one of his/her relatives.

Pension adjustment (PA)

When an employee participates in an RPP or a DPSP, a pension adjustment (PA) is calculated by the employer. The PA represents participation in an RPP or DPSP and reduces the maximum amount the employee may contribute to an RRSP. The PA is indicated on the T4 slip and, generally speaking, it is equal to:

- **Defined benefit RPP** - (9 x benefits earned during the year) minus \$600
- **Defined contribution RPP** - Total employer and employee contributions made during the year (plus contributions paid by the employer for a year during the first two months of the following year)
- **DPSP** - Total employer contributions made during the year (plus contributions paid by the employer for a year during the first two months of the following year)

Registered retirement savings plans (RRSPs)

For this year, RRSP contributions are limited to the lesser of \$22,970 and 18% of the earned income of the previous year, less any employee's PA for the previous year and the applicable employee's past service pension adjustment (PSPA). If the PSPA is exempt from certification, it reduces the RRSP deduction limit for the year following the year of the benefit enhancement (past service event). If the PSPA is not exempt from certification, it reduces the RRSP deduction limit for the year of certification by Canada Revenue Agency.



Since 1991, a person who has not made the maximum RRSP contribution may carry forward the unused contribution room. RRSP contributions may also be increased by the pension adjustment reversal (PAR) calculated for an individual who ceases to participate in an RPP or in a DPSP.

Funds accumulated in an RRSP can be withdrawn totally or partially at any time prior to the end of the year during which an individual reaches age 71. These funds can be used to purchase a life annuity or a fixed-term annuity payable to age 90, or transferred to a registered retirement income fund (RRIF).

Furthermore, subject to certain conditions, up to \$25,000 may be withdrawn tax free from an RRSP or a spousal RRSP to purchase a qualifying home. RRSP withdrawals must be repaid in full over a maximum of 15 years.

Subject to certain conditions, funds may be withdrawn tax free from an RRSP or a spousal RRSP to cover the cost of a training or full-time study program of at least three months.

Withdrawals may not exceed \$10,000 per year, subject to an overall maximum of \$20,000 for four years. Generally, withdrawn amounts must be totally reimbursed over a ten-year period beginning on the sixth year following the year of the first withdrawal.

The tax-free transfer of a retiring allowance to an RRSP is limited to \$2,000 per year of service prior to 1996 plus \$1,500 for each year of service prior to 1989 for which employer contributions to an RPP or a DPSP were not vested to the employee.

Contribution limits

Year	RPP	DPSP	RRSP
2010	\$22,450	\$11,225	\$22,000
2011	\$22,970	\$11,485	\$22,450
2012	\$23,820	\$11,910	\$22,970

Tax-free Savings Account (TFSA)

Canadian residents aged 18 or older can contribute up to \$5,000 to a TFSA in 2012, plus any unused TFSA contribution room at the end of 2011. The contributions are not deductible for income tax purposes. TFSA holders can make withdrawals at any time, and the total amount of the withdrawals in a calendar year is added to the contribution room for the following year. Unused contribution room can be carried forward indefinitely.

11.10 DISABILITY INCOME INSURANCE

Benefits paid under a plan to which an employer contributes are taxable for an employee. Employee contributions are deductible from taxable benefits; employer contributions are not considered to be a taxable benefit for employees. Lump sum amount in settlement of future benefits under a group long term disability policy is not taxable to the employee. Benefits paid under an employee-pay-all plan are not taxable.

11.11 GROUP LIFE INSURANCE

Premiums paid by an employer under a group life insurance plan are a taxable benefit to an employee (with respect to federal income tax, premiums are taxable except those for accidental death and dismemberment insurance).

11.12 INSURANCE PREMIUM SALES TAX

A 9% sales tax is applied to the premiums for group insurance plans.



12 GOVERNMENT ORGANIZATIONS

Provincial Organizations

Government Organizations	Quebec City Area	Montreal Area	Long distance (toll-free)
<i>Régie de l'assurance-maladie</i> www.ramq.gouv.qc.ca	418-646-4636	514-864-3411	1-800-561-9749
<i>Société de l'assurance automobile</i> www.saaq.gouv.qc.ca/en	418-643-7620	514-873-7620	1-800-361-7620
<i>Régie des rentes</i> (Including Information Services) Child assistance and family benefits www.rrq.gouv.qc.ca/en	418-643-5185 418-643-3381	514-873-2433 514-864-3873	1-800-463-5185 1-800-667-9625
Quebec Parental Insurance Plan www.rqap.gouv.qc.ca/index_en.asp			1-888-610-7727

Federal Organizations

Government Organizations	Toll-free
Old Age Security and Canada Pension Plan Information (CPP / OAS / GIS) OAS: www.servicecanada.gc.ca/eng/isp/oas/oastoc.shtml CPP: www.servicecanada.gc.ca/eng/isp/cpp/cpptoc.shtml	1-800-277-9914
Employment Insurance (Insurance Telephone Information Service) www.servicecanada.gc.ca/eng/sc/ei/benefits/regular.shtml	1-800-206-7218
Canada Revenue Agency (Canada Child Tax Benefit) www.cra-arc.gc.ca/bnfts/cctb/menu-eng.html	1-800-387-1193